GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:194
ANSWERED ON:03.03.2006
CONFIRMED DEMANDS
Singh Shri Prabhunath

Will the Minister of FINANCE be pleased to state:

(a) whether non-recovery of confirmed demands and non-adjudication of demands of Central Excise Duty resulted in blockage of revenues of Rs.545.32 crore:

(b) if so, the reasons for non-recovery of confirmed demands; and

(c) the steps proposed to be taken to recover the entire amount of confirmed and adjudicated demands?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b) and (c) OF LOK SABHA STARRED QUESTION NO.194 DUE FOR ANSWER ON 3rd MARCH, 2006.

(a) The Report of the Comptroller and Auditor General of India for the year ended March, 2004 (No. 11 of 2005) indicates that the non-recovery of confirmed demands and non-adjudication of demands resulted in blockage of revenue of Rs 545.32 crore (with reference to paragraphs 2.10.1 and 2.10.2 of the Report). The amount pending recovery in the cases of confirmed demand is shown to be Rs 65.23 crore and the amount pertaining to non-adjudication of demands is Rs 480.09 crore, thereby totaling to Rs 545.32 crore. These figures pertain to the manufacturers of motor vehicles for transport of persons and goods in 13 Central Excise Commissionerates.

(b) Out of the amount of Rs 65.23 crore, an amount of Rs 49.29 crore has been set aside by the Customs, Excise and Service Tax Tribunal against which Department has preferred an appeal in the Hon`ble Supreme Court. Final order of the Supreme Court is awaited. Further, an amount of Rs 12.42 crore has been remanded back to the original adjudicating authority by the Tribunal for fresh adjudication. This order has not been accepted and a reference application has been filed in the Hon`ble Punjab and Haryana High Court. Hence, an amount of Rs 61.71 crore is presently not recoverable.

Out of the balance amount of Rs 3.5 crore, Rs 70 lakh has been recovered and the balance amount is presently not recoverable as the Tribunal remanded the case back to Commissioner (Appeals) who, in turn, has asked the adjudicating authority to re-determine the duty liability.

Regarding the amount of Rs 480.09 crore involved in cases pending for adjudication, cases involving total amount of Rs 369.85 crore were adjudicated, but have been stayed by the Tribunal/Courts. 14 cases involving an amount of Rs.27.28 crore presently cannot be adjudicated since similar issues are pending in Courts/Tribunal or Audit objections are being contested by the Department. Others are being taken up for adjudication.

(c) In respect of the above, the departmental officers have been directed to decide the cases pending before them on priority-basis. In respect of cases pending in Tribunal / Courts, applications are being filed for early hearing. Wherever arrears are not restrained and thus due for recovery, the departmental officers have been directed to recover the said amount immediately.